

ORIGINAL

MOYES STOREY



0000051097

Viad Corporate Center
1850 North Central Avenue
Suite 1100
Phoenix, Arizona 85004
www.lawyers.com/lawms/

LAW OFFICES
RECEIVED

Facsimile:
Email: jimoyes@lawms.com

2006 JUN 12 P 4: 30

AZ CORP COMMISSION
DOCUMENT CONTROL

June 12, 2006

Deborah R. Scott, Esq.
Snell & Wilmer
One Arizona Center
Phoenix, AZ 85004-2202

Re: AzAg Group's Response to Arizona Public Service Company's ("APS") First Set of Data Requests under Docket No. 01345A-05-0816

Dear Deborah:

Enclosed is AzAg Group's response to APS' First Set of Data Requests in the above-referenced docket.

If you have any questions, please feel free to call me.

Sincerely,

Jay I. Moyes
Attorneys for AzAg Group

JIM/lkk
Enclosures

Cc: Thomas L. Mumaw, Esq. (w/enc.)
Barbara A. Klemstine, Esq. (w/enc.)
Service List for 01345A-05-0816

**AzAg Group's Response
to Arizona Public Service Company's
First Set of Data Requests
related to the Arizona Public Service Company Rate Case
Docket No. E-01345A-05-0816
June 12, 2006**

APS/AZAG 1-1 Please provide the names and place of employment for any witnesses, including consultants, retained by or working for the AzAg Group ("AzAg") with respect to the Application by Arizona Public Service Company ("APS" or "Company"), Docket No. E-01345A-05-0816 ("Application").

Response: At this time the only witness anticipated for AzAg is the following individual:

Name: Kenneth R. Saline, P.E.
Place of Employment: K. R. Saline & Associates, PLC

APS/AZAG 1-2 Please provide a copy of the firm resume of any consulting firm that employs any of the consultants retained by or working for AzAg with respect to the Application.

Response: See the attached Statement of Qualifications for K. R. Saline & Associates, PLC.

APS/AZAG 1-3 Please provide a complete curriculum vitae, or resume, for any of the witnesses, including consultants, retained by or working for AzAg with respect to the Application.

Response: See the attached curriculum vitae for Kenneth R. Saline.

APS/AZAG 1-4 Please provide a listing of any court, administrative or regulatory proceedings in which any of the witnesses, including consultants, retained by or working for AzAg with respect to the Application has provided testimony during the last 5 years.

Response: See the attached curriculum vitae for Kenneth R. Saline.

APS/AZAG 1-5 Please provide a copy of any testimony prepared in the last 5 years by any of the witnesses, including consultants, retained by or working for AzAg with respect to the Application that addressed the same subject matter as the witness and/or consultant will be addressing in this proceeding.

Response: The subject matters the witness will be addressing have yet to be determined; therefore, we have no response to this request at this time.

APS/AZAG 1-6 Please provide a copy of any reports, presentations, articles, or other documentation previously prepared in the last 5 years by any of the witnesses, including consultants,

retained by or working for AzAg with respect to the Application that addressed the same subject matter as the witness and/or consultant will be addressing in this proceeding.

Response: See the Response to APS/AZAG 1-5.

APS/AZAG 1-7 Please provide a copy of any decision or order by any court, administrative or regulatory agency or body in which any of the documents listed or provided in response to Qs 1-5 and 1-6 were introduced into evidence.

Response: See the Responses to APS/AZAG 1-5 and APS/AZAG 1-6.

APS/AZAG 1-8 Please provide a copy of all non-privileged documents, including but not limited to correspondence, memoranda, notes, e-mails or documentation of any kind prepared by or received by any of the witnesses, including consultants or firms that employ any of the consultants, retained by or working for AzAg with respect to the Application that pertain to this proceeding.

Response: None.

APS/AZAG 1-9 Please provide a copy of all data requests served by AzAg, including all AzAg consultants, on any party other than APS in this proceeding. Please consider this an ongoing data request throughout this proceeding.

Response: None at this time.

APS/AZAG 1-10 Please provide a copy of all data request responses prepared by AzAg, including all AzAg consultants, in response to any data request of any other party other than APS in this proceeding. Please consider this an ongoing data request throughout this proceeding.

Response: None at this time.

KENNETH R. SALINE, P.E.

K. R. Saline & Associates, PLC
160 North Pasadena Suite 101
Mesa, AZ 85201
Phone: (480) 610-8741
Fax: (480) 610-8796

PROFESSIONAL EXPERIENCE

Kenneth R. Saline is the managing partner in K.R. Saline & Associates, PLC, a consulting engineering firm located in Arizona. Mr. Saline provides electrical power consulting services to numerous irrigation districts, electrical districts, federal, state and municipal utilities located in Arizona, California, New Mexico and Nevada. Mr. Saline is a registered professional electrical engineer in the State of Arizona.

Mr. Saline graduated from New Mexico State University in 1980 with a Bachelor of Science degree in Electrical Engineering with power system emphasis. Mr. Saline worked for four years at San Antonio Public Service Company, a municipal electric and gas utility, as a transmission planning engineer. At San Antonio, Mr. Saline performed planning studies of the city's transmission systems including interconnected EHV transmission and stability studies in various Electric Reliability Council of Texas (ERCOT) committees. Mr. Saline represented the city in the ERCOT Engineering Subcommittee, Loadflow Task Force, EHV Task Force, Power Transfer Task Force and Transient Stability Task Force. During this period, these ERCOT task forces established the wholesale power brokerage system, Megawatt-mile transmission wheeling methodology, and the first transient stability analysis of the interconnected ERCOT EHV system.

Following San Antonio, Mr. Saline worked for R.W. Beck and Associates for seven years as an engineering consultant. At R. W. Beck, Mr. Saline assisted public utilities in applying for allocations of federal hydropower and assisted in the start-up of five new municipal utilities that were established to utilize Hoover power entitlements in Arizona. Mr. Saline assisted R. W. Beck clients in wholesale power supply and wheeling contract negotiations, power supply planning, FERC wholesale rate interventions, system planning studies and development of customer policies, rates and regulations for service to their retail customers.

In 1991, Mr. Saline left R.W. Beck to form his own firm specializing in electric utility consulting. Currently, Mr. Saline provides ongoing consulting engineering services and management consulting to various clients in the southwest with regard to their long-term and short-term electric operations and advises clients regarding transmission access matters, FERC Open Access Transmission matters, and industry restructuring matters.

TESTIMONY AND COMMENTS

Electrical District No. 3 ("ED3")

Before the Arizona Corporation Commission, In the Matter of the Sale and Transition by Arizona Public Service to Electrical District No. 3 of Certain Electrical Facilities in Pinal County Pursuant to A.R.S. § 40-285(A), Docket No. E-01345A-02-0285.

Written comments on behalf of ED3 in response to the Arizona Corporation Commission Staff's First and Second Set of Data Requests, filed May 22, 2003.

Joint Western Power Systems

United States of America, Before the Federal Energy Regulatory Commission, Electricity Market Design & Structure, Docket No. RM01-12-000.

Written comments utilized by the Joint Western Power Systems in their Comments on establishing a standardized transmission service and wholesale electric market design (SMD) in response to the July 21, 2002 Notice of Proposed Rulemaking (100 FERC ¶ 61,138), filed January 10, 2003.

PPL

Before the Arizona Corporation Commission, In the Matter of the Generic Proceedings Concerning Electric Restructuring Issues, In the Matter of Arizona Public Service Company's Request for Variance of Certain Requirements of A.A.C. R14-2-1606, In the Matter of the Generic Proceeding Concerning the Arizona Independent Scheduling Administrator, In the Matter of Tucson Electric Power Company's Application for a Variance of Certain Electric Competition Rules Compliance Dates, In the Matter of the Application of Tucson Electric Power Company for Approval of its Stranded Cost Recovery, Docket Numbers E-00000A-02-0051, E-01345A-01-0822, E-00000A-01-0630, E-01933A-02-0069, and E-01933A-98-0471 (consolidated).

Written testimony on behalf of PPL regarding transmission reliability issues with regard to non-Arizona Public Service Company generators such as PPL, the diversity of generation resources and delivery capability available to Arizona Public Service Company load, and transmission issues with regard to merchant plants, filed March 28, 2002. Also provided responsive testimony to data requests issued to PPL during the proceeding, filed April 8, 2002.

Navajo Tribal Utility Authority

United States of America, Before the Federal Energy Regulatory Commission, Arizona Public Service Company, and Navajo Tribal Utility Authority vs. Arizona Public Service Company, Docket Nos. ER99-2143-000, ER99-3435-000, and EL99-55-000.

Written comments utilized by Navajo Tribal Utility Authority in numerous filings in their settlement proceedings with Arizona Public Service Company for network service, March 1999 through November 1999.

Arizona Transmission Dependent Utility Group (TDU Group)

Salt River Project Public Process on Customer Choice.

Written testimony supporting the TDU Group in their unique relationship to SRP and their resulting perspective on wholesale stranded cost issues in the promulgation of retail direct access by SRP, filed July 9, 1998.

Arizona Transmission Dependent Utility Group (TDU Group)

Before the Arizona Corporation Commission, Docket Number RE-00000C-94-0165, Stranded Cost Proceedings.

Written testimony supporting the TDU Group and their position in relation to stranded costs resulting from retail electric deregulation and open access in Arizona, filed January 21, 1998.

Arizona Districts

United States of America, Before the Federal Energy Regulatory Commission, Arizona Public Service Company OA96-153-000 and ER96-2401-000 (consolidated).

Written comments utilized by the Arizona Districts in their numerous filings in settlement proceedings with Arizona Public Service Company regarding its original and revised Open Access Transmission Tariffs filed in compliance with April 24, 1996 FERC Order 888, August 1996 through November 1997.

APS Wholesale Customer Group

United States of America, Before the Federal Energy Regulatory Commission, Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities, and Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Docket Nos. RM95-8-000 and RM94-7-001.

Written comments utilized by the APS Wholesale Customer Group in their Comments in these rulemaking proceedings, filed October 4, 1995.

STATEMENT OF QUALIFICATIONS

K. R. Saline & Associates, PLC

160 N. Pasadena, Suite 101
Mesa, Arizona 85201-6764
Office: 480.610.8741
Fax: 480.610.8796

INTRODUCTION

K. R. Saline & Associates, PLC ("KRSA") is a consulting engineering firm located in Arizona which provides services throughout the Southwest that include, but are not limited to:

- ◆ Electric Resource Planning, Procurement & Utilization
- ◆ Electric Resource & Transmission Contracting
- ◆ Electric Rate Studies
- ◆ Financial and Economic Studies
- ◆ Integrated Resource Plans
- ◆ Unbundled Transmission Arrangements
- ◆ Management Consulting
- ◆ Regulatory Consulting
- ◆ Locational Marginal Pricing Analysis
- ◆ Regional Transmission Operator Formation
- ◆ Transmission System Planning
- ◆ Distribution System Planning
- ◆ Feasibility and System Impact Studies
- ◆ Geographical Information Systems
- ◆ Computer Network Development
- ◆ Automation of Metering and Billing Systems
- ◆ SCADA system design and support
- ◆ Project Management

Our clients include irrigation and power districts, municipal wholesale utilities, tribal utility authorities and private companies in Arizona, California, Colorado, New Mexico and Utah.

KRSA is an Arizona partnership owned and managed by Kenneth R. Saline, P.E., Dennis L. Delaney, P.E., Mark L. Etherton, P.E., and Jeffrey Woner. The staff of KRSA includes registered professional engineers, technicians, utility operations specialists, financial/legal specialists and administrative personnel. KRSA prides itself on its ability to apply the most cost-efficient methods to complete projects for its clients in a timely manner.

The principals of KRSA have provided ongoing consulting engineering services and management consulting to clients with regard to their long-term and short-term electric operations since 1984. KRSA has performed various engineering and economic analyses for these entities, and has represented their interests in front of numerous federal and state agencies. KRSA makes recommendations to the management and governing bodies of its clients, and negotiates necessary programs and policies on their behalf. The continuity of providing ongoing services for our clients enables KRSA to provide quality services to our clients efficiently, and with attention to the specific details of their unique operations. The following lists some of the various analyses performed in conjunction with the services provided to these clients:

- ◆ *Electric Resource Planning & Utilization:* Annual, seasonal, and monthly scheduling of Hoover, Navajo, Parker-Davis Project, SLCA/IP power and other contractual resources. KRSA provides annual or semiannual power supply analysis for numerous clients. As part of that analysis we manage the resource portfolio for these entities on an ongoing basis and have developed several creative and unique resource aggregation/pooling programs.
- ◆ *Electric Resource & Transmission Contracting:* Contractual analysis, negotiation, regulatory compliance and administration. Past endeavors include participation in a select group of customer representatives in negotiating new policies with the Western Area Power Administration to reinvent the federal practices for planning, constructing and funding transmission system improvements to the federal transmission system, and numerous negotiations, public meetings and discussions related to changes in federal hydro power production and economic impacts resulting from the Glen Canyon Dam EIS, SLCA/IP Power Marketing EIS, Energy Planning and Management Program EIS and Grand Canyon Protection Act.
- ◆ *Financial and Economic Studies:* Economic analysis of operations, financial modeling, forecasting, cash management analyses and electric rate studies, including cost-of-service and bundled and unbundled rate design. KRSA provides annual or semiannual rate and cost-of-service analyses for multiple clients. Additional rate and cost-of-service studies have also been performed on a one-time or semi-regular basis, such as a Competitive Position Analysis and Unbundled Retail Rate Study; an Open Access Tariff Development and Unbundled Transmission Rate Study; and an Unbundled Retail Rate Study & Strategic Planning Analysis.
- ◆ *Integrated Resource Plans:* Conservation and Renewable Energy programs, Integrated Resource Plans, evaluation of long-term and short-term power supply alternatives, demand-side planning and special resource pooling and resource integration arrangements.
- ◆ *Open Access Transmission Tariffs Arrangements:* KRSA provided extensive comments on FERC Order 888 rulemaking and expert testimony and analysis of FERC Open Access Transmission Tariff filings of Arizona Utilities. KRSA provides OATT economic and unbundling analysis (versus existing arrangements) and has assisted numerous clients in evaluating options of OATT service including Network Service Applications, Point-To-Point Service Applications, Good Faith Requests, Direct Assignment Facility cost analysis and advises on OATT administration, compliance and FERC Order 889 issues. KRSA represents several of the first utilities in Arizona to take transmission service under OATT provisions.
- ◆ *Utility Management:* KRSA provides assistance to small utilities in managing their day-to-day operations and services, ranging from customer service activities such as billing and collections to complying with annual state and federal reporting requirements.
- ◆ *Regulatory Consulting:* KRSA provides technical and policy analyses for Board of Directors regarding federal and state regulations, legislation, and other utility-related issues regarding deregulation, transmission open-access and retail access. KRSA provides assistance in developing customer service policies, rules and regulations and

customer contracts. KRSA provides representation for groups of clients in the Western Electricity Coordinating Council, and has also previously represented its clients in the Southwest Regional Transmission Association, Desert STAR (predecessor to WestConnect RTO), and the Arizona Independent Scheduling Association.

- ◆ *Transmission and Distribution Planning:* KRSA provides its clients with a broad range of transmission and distribution planning resources. Clients can turn to KRSA with routine, long-range, or investigative transmission and distribution planning analyses. KRSA provides several clients with routine transmission planning by assisting the client's staff with transmission system modeling, transmission system analysis, analysis documentation, and presentations. Longer range studies analyze the client's transmission or host system for a 5 year, 10 year, or in some cases indefinite load/transmission scenarios. Transmission analysis typically focuses on the higher voltage (230kV and above) analysis including planning, feasibility, and system impact studies which review thermal and voltage issues. Distribution analysis is typically 69kV and lower voltages and reviews primarily voltage drop analysis, but can include the same analysis as the higher voltage (transmission) analysis.

- ◆ *Feasibility and System Impact Studies:* Interconnection and Feasibility studies investigate the impact of proposed generation on the client's system or host system. The Feasibility studies, using power flow software, investigate if the generation can be placed at the proposed location in the proposed year. For the feasibility analysis, both transmission system improvements and degradations are noted for the addition of the facility. System Impact Studies delve further into the impact of a generating facility, monitoring not only the transmission system impact as in the feasibility study but also identifies transmission stability and short circuit impacts.

For additional information regarding the qualifications of KRSA or other services not described herein, please contact Kenneth Saline at (480) 610-8741.