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Via Overnight Mail

August 31, 2006

Arizona Corporation Commission
Attn: Docket Filing Window
1200 Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

SEP -1 2006

Re: *Docket No. E-01345A-05-0816*

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Dear Sir or Madam:

Please find enclosed the original and thirteen (13) copies of the Direct Testimony and Exhibits of Stephen J. Baron on behalf of the Kroger Co. to be filed in the above-referenced matter.

Please place this document of file.

Very Truly Yours,

Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
BOEHM, KURTZ & LOWRY

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Attachments

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Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.

**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) Docket No. E-01345A-05-0816
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 to Amend Decision No. 67744)**

**DIRECT TESTIMONY
AND EXHIBITS
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KROGER CO.**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

September 2006

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**BEFORE THE
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Develop Such Return and to Amend Decision No. 67744)**

DIRECT TESTIMONY OF STEPHEN J. BARON

I. INTRODUCTION

1

2 **Q. Please state your name and business address.**

3

4 A. My name is Stephen J. Baron. My business address is J. Kennedy and Associates,
5 Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell,
6 Georgia 30075.

7

8 **Q. What is your occupation and by who are you employed?**

9

10 A. I am the President and a Principal of Kennedy and Associates, a firm of utility rate,
11 planning, and economic consultants in Atlanta, Georgia.

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Q. Please describe briefly the nature of the consulting services provided by Kennedy and Associates.

A. Kennedy and Associates provides consulting services in the electric and gas utility industries. Our clients include state agencies and industrial electricity consumers. The firm provides expertise in system planning, load forecasting, financial analysis, cost-of-service, and rate design. Current clients include the Georgia and Louisiana Public Service Commissions, and industrial consumer groups throughout the United States.

Q. Please state your educational background.

A. I graduated from the University of Florida in 1972 with a B.A. degree with high honors in Political Science and significant coursework in Mathematics and Computer Science. In 1974, I received a Master of Arts Degree in Economics, also from the University of Florida. My areas of specialization were econometrics, statistics, and public utility economics. My thesis concerned the development of an econometric model to forecast electricity sales in the State of Florida, for which I received a grant from the Public Utility Research Center of the University of

1 Florida. In addition, I have advanced study and coursework in time series analysis
2 and dynamic model building.

3

4 **Q. Please describe your professional experience.**

5

6 A. I have more than thirty years of experience in the electric utility industry in the areas
7 of cost and rate analysis, forecasting, planning, and economic analysis.

8

9 Following the completion of my graduate work in economics, I joined the staff of
10 the Florida Public Service Commission in August of 1974 as a Rate Economist. My
11 responsibilities included the analysis of rate cases for electric, telephone, and gas
12 utilities, as well as the preparation of cross-examination material and the preparation
13 of staff recommendations.

14

15 In December 1975, I joined the Utility Rate Consulting Division of Ebasco Services,
16 Inc. as an Associate Consultant. In the seven years I worked for Ebasco, I received
17 successive promotions, ultimately to the position of Vice President of Energy
18 Management Services of Ebasco Business Consulting Company. My
19 responsibilities included the management of a staff of consultants engaged in
20 providing services in the areas of econometric modeling, load and energy

1 forecasting, production cost modeling, planning, cost-of-service analysis,
2 cogeneration, and load management.

3
4 I joined the public accounting firm of Coopers & Lybrand in 1982 as a Manager of
5 the Atlanta Office of the Utility Regulatory and Advisory Services Group. In this
6 capacity I was responsible for the operation and management of the Atlanta office.
7 My duties included the technical and administrative supervision of the staff,
8 budgeting, recruiting, and marketing as well as project management on client
9 engagements. At Coopers & Lybrand, I specialized in utility cost analysis,
10 forecasting, load analysis, economic analysis, and planning.

11
12 In January 1984, I joined the consulting firm of Kennedy and Associates as a Vice
13 President and Principal. I became President of the firm in January 1991.

14
15 During the course of my career, I have provided consulting services to more than
16 thirty utility, industrial, and Public Service Commission clients, including three
17 international utility clients.

18
19 I have presented numerous papers and published an article entitled "How to Rate
20 Load Management Programs" in the March 1979 edition of "Electrical World." My

1 article on "Standby Electric Rates" was published in the November 8, 1984 issue of
2 "Public Utilities Fortnightly." In February of 1984, I completed a detailed analysis
3 entitled "Load Data Transfer Techniques" on behalf of the Electric Power Research
4 Institute, which published the study.

5
6 I have presented testimony as an expert witness in Arizona, Arkansas, Colorado,
7 Connecticut, Florida, Georgia, Indiana, Kentucky, Louisiana, Maine, Michigan,
8 Minnesota, Maryland, Missouri, New Jersey, New Mexico, New York, North
9 Carolina, Ohio, Pennsylvania, Texas, West Virginia, Federal Energy Regulatory
10 Commission and in United States Bankruptcy Court. A list of my specific
11 regulatory appearances can be found in Baron Exhibit ____ (SJB-1)

12
13 **Q. Have you previously presented testimony in an Arizona Public Service**
14 **Company ("APS") rate proceeding?**

15
16 A. Yes. I filed testimony in the prior case, Docket No. E-01345-03-0437, on the
17 issues of cost of service, the allocation of the proposed rate increase and rate design.

18
19 **Q. On whose behalf are you testifying in this proceeding?**

20

1 A. I am testifying on behalf of the Kroger Co. Kroger has approximately 36 stores in
2 the APS service territory operating under the names Fry's, Fred Meyer and Smith's.
3 These stores consume in excess of 100 million kWhs per year on the APS system.
4

5 **Q. What is the purpose of your testimony?**

6
7 A. I will be presenting testimony on a number of cost of service and rate design issues
8 that affect Kroger's service on APS Rate Schedule E-32. In general, I support the
9 APS four coincident peak ("4 CP") cost of service study that it filed in this case.¹
10 As I will discuss, the study indicates substantial differences between the rates paid
11 by some customers and the cost to provide service. In particular, residential
12 customers are currently receiving very substantial dollar subsidies from general
13 service customers. Despite this finding, the Company's proposed increases to its
14 Residential and General Service rate classes do not attempt to provide any
15 mitigation to this disparity between cost of service and rates; the Company is
16 essentially proposing a uniform 21.3% increase to all customers, except irrigation
17 pumping and some lighting schedules. I will address this issue and recommend that
18 the Commission consider the class cost of service results in its determination of the
19 increases to each rate schedule.

¹ Kroger is not presenting testimony on the Company's requested revenue increase in this case. For purposes of my testimony, I have utilized the APS requested increase of \$450 million. This should not be construed as an endorsement of the Company's requested increase.

1 With regard to rate design, I will discuss the APS's proposed increases to the
2 various charges of rate E-32. I have already noted that the Company is essentially
3 proposing a uniform percentage increase to general service customers, despite the
4 fact that the Company's cost of service study shows that rate E-32 customers are
5 paying substantially above cost of service at present rates. On top of this unjustified
6 increase, the Company is proposing to increase higher load factor E-32 customers
7 by even greater percentage amounts than the average retail increase of 21.3%. I will
8 discuss the Company's proposed increase to the rate E-32 demand and energy
9 charges and recommend a more reasonable alternative to recover the Commission
10 authorized increase to rate E-32.

11
12 **Q. Would you please summarize your recommendations?**

13
14 **A. Yes.**

- 15
- 16 • **The APS 4 CP class cost of service study is a reasonable basis to evaluate the**
17 **relationship of the Company's rates, compared to the underlying cost of**
18 **service. Based on the test year 4 CP study, there are large subsidies being paid**
19 **by general service customers to the residential class. APS has not made any**
20 **attempt in this case to reduce these disparities and move rates towards cost of**
21 **service. In fact, dollar subsidies are actually being increased under the**
22 **Company's proposed rates, which effectively reflect a uniform percentage**
23 **increase to residential and general service classes of 21.4%.**
 - 24
25 • **It is appropriate to make some progress towards eliminating the subsidies**
26 **contained in present rates in this case. A reasonable and balanced approach**

1 would be to reduce class subsidies by 25% as a means of moving towards the
2 objective of setting rates based on cost of service. Eliminating 25% of the
3 current dollar subsidies would result in an increase to residential customers of
4 \$262.8 million (24%), while producing a \$178.6 million increase or 18% to the
5 general service class, assuming that the Company received its entire revenue
6 increase.

- 7
- 8 • I recommend that the revenue increase in this case be allocated such that 25%
9 of the current dollar subsidies are reduced at proposed rates. This
10 recommendation, if adopted, would move rates towards cost of service in a
11 measured manner.

 - 12
 - 13 • APS is proposing to increases in its Rate E-32 delivery and generation charges
14 in a manner that will adversely affect larger, higher load factor customers.
15 There is no support for the Company's proposed rate design changes, based on
16 an evaluation of the unit cost of service results filed in this case. Rate E-32
17 delivery charges and generation charges should be increased by an equal
18 percentage amount, consistent with the dollar increases proposed by the
19 Company for total delivery charges and total generation charges. This
20 recommendation is revenue neutral to the Company, does not affect any other
21 rate classes and results in more reasonable increases to general service
22 customer bills, compared to the Company's proposal.
 - 23

1 **II. REVENUE ALLOCATION AND COST OF SERVICE**

2
3 **Q. Have you reviewed the Company's 12 month ending September 2005 test year**
4 **cost of service study filed in this proceeding?**

5
6 A. Yes. The Company is utilizing a 4 coincident peak cost of service study in this
7 proceeding. APS has traditionally used a 4 CP allocation method because of the
8 pronounced demands on the system during the summer months. This appears to be
9 a reasonable methodology for allocating APS production and transmission related
10 costs. As noted by APS witness David Rumulo in response to data request UTI 3-
11 164,

12 **Production-related facilities are designed and built to enable**
13 **APS to meet its system peak load. Therefore, they are allocated**
14 **on the basis of the average of the system peak demands**
15 **occurring in the months of June, July, August and September**
16 **("4CP").**
17

18 **Q. Do you believe that the Company's 4 CP cost of service study provides a**
19 **reasonable basis to evaluate the relationship between the rates being charge**
20 **each rate class and the underlying cost of providing service to these customers?**

1 A. Yes.² The purpose of an embedded, fully allocated class cost of service study is to
2 assess the reasonableness of a utility's rates, in relation to the underlying cost of
3 providing service to the customers on each rate class. As a matter of policy, it is
4 both efficient and equitable to establish rates on the basis of the cost of service and,
5 to the extent feasible, move rates towards cost of service in a rate case in which a
6 utility is requesting a change in revenues. In other words, a rate case, such as the
7 current APS proceeding, is an opportunity to evaluate the Company's rates and
8 make incremental adjustments so that, over time, each class will pay rates reflecting
9 cost of service. In so doing, rates paid by each customer will provide efficient
10 "price signals" reflecting the resource cost of meeting customer demands. In
11 addition, cost based rates provide an equitable basis to assign the Company's overall
12 revenue requirement to customers. In this manner, customers in one rate class do
13 not pay or receive unjustified monetary subsidies from other rate customers.

14
15 **Q. How do the Company's current rates compare to the underlying cost of**
16 **service?**

17
18 A. A good measure of this rate versus cost relationship is the relative class rates of
19 return at present rates. This measurement, which is the ratio of a class's rate of

² However, as I will more fully explain in my testimony, the Company's allocation of OATT transmission expenses are based on a uniform allocation to rate classes on a kWh basis. This overstates the allocation of cost to general service customers.

1 return relative to the average retail earned rate of return, provides a good summary
2 of the rate versus cost relationship, based on the results of the 4 CP cost of service
3 study.

4 **Q. What are the relative class rate of return results produced by the Company's**
5 **test year 4 CP cost of service study?**

6
7 A. The table below summarizes the rates of return and the relative rate of return indices
8 ("ROR Index") for each of the major rate classes using the results of the Company's
9 4 CP study.

10
11

<u>Class</u>	<u>Rate of Return</u>	<u>Rate of Return</u> <u>Index</u>
Residential	1.52%	0.59
General Svc	3.91%	1.51
Irrigation	9.30%	3.59
Street Light	2.05%	0.79
Dusk to Dawn	5.78%	2.23
Total Retail	2.59%	1.00

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18
19 Based on these results, the residential class is paying less than 60% of its allocated
20 cost of service under present rates, while general service customers are paying a

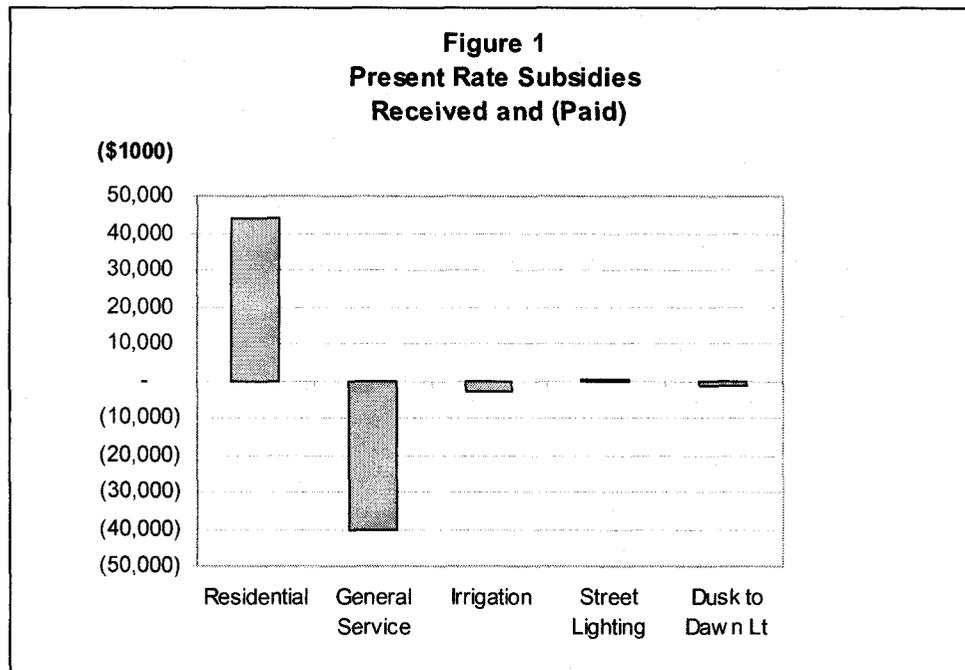
1 relative rate of return that is approximately 150% of the system average. This is a
2 substantial difference and one that should be addressed in this rate proceeding.

3
4 Furthermore, it is worth noting that the Company has over-allocated OATT
5 transmission expenses to general service rate schedules because of the assumption
6 made that transmission expense allocation should follow the unbundled
7 transmission rate design for transmission and ancillary services in retail tariffs (See
8 APS response to UTI 3-160 d). Irrespective of the transmission cost recovery
9 method using a uniform kWh charge, the Company incurs OATT expenses pursuant
10 to APS OATT Schedule 11, which charges separate, and lower, transmission service
11 rates for general service classes of service, than for residential customers.
12 Therefore, allocating OATT transmission expenses on a uniform kWh basis
13 overstates the allocation of these costs to general service rate classes, including rate
14 E-32. All else being equal, the earned rates of return shown in the Company's class
15 cost of service study are understated for general service rates and the subsidies paid
16 by these rate schedules are even greater than the levels that I will discuss next in my
17 testimony.

18
19 **Q. Have you computed the dollar subsidies being paid and received by each rate**
20 **class at present rates?**

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A. Yes. Figure 1 below shows the dollar subsidies paid and received at present rates. As can be seen, the residential class is receiving (shown as a positive value) over \$44 million in subsidies at present rate from other rate classes. At the same time, general service customers pay annual subsidies of \$40 million.



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Q. Has APS made any proposals in this case that would address the substantial disparities between present rates and cost of service among its retail rate classes?

1 A. No. APS has not made any attempt to mitigate the cost disparities in this case. As I
2 indicated previously, the Company is essentially proposing a uniform percentage
3 increase for the residential and general service classes, which comprise about 98%
4 of base revenues. This is despite the fact that the Company's own cost of service
5 study shows that residential customers are currently paying substantially less than
6 cost of service. Table 2 shows the proposed percentage rate increases recommended
7 by APS in this proceeding and the resulting rate of return indices. Despite the
8 substantial variation in relative rate of return and the concomitant subsidies being
9 paid by general service customers, APS is recommending an equal across-the-board
10 percentage increase for each rate class. In fact, the Company is proposing a slightly
11 lower percentage increase to residential customers, than general service customers,
12 who are receiving a higher than average increase.

1

<u>Class</u>	<u>Proposed % Increase</u>	<u>Proposed Subsidy</u>
Residential	21.14%	64,344,772
General Svc	21.60%	(66,943,047)
Irrigation	0.14%	(269,809)
Street Light	24.11%	2,400,968
Dusk to Dawn	10.50%	467,116
Total Retail	21.14%	0

2

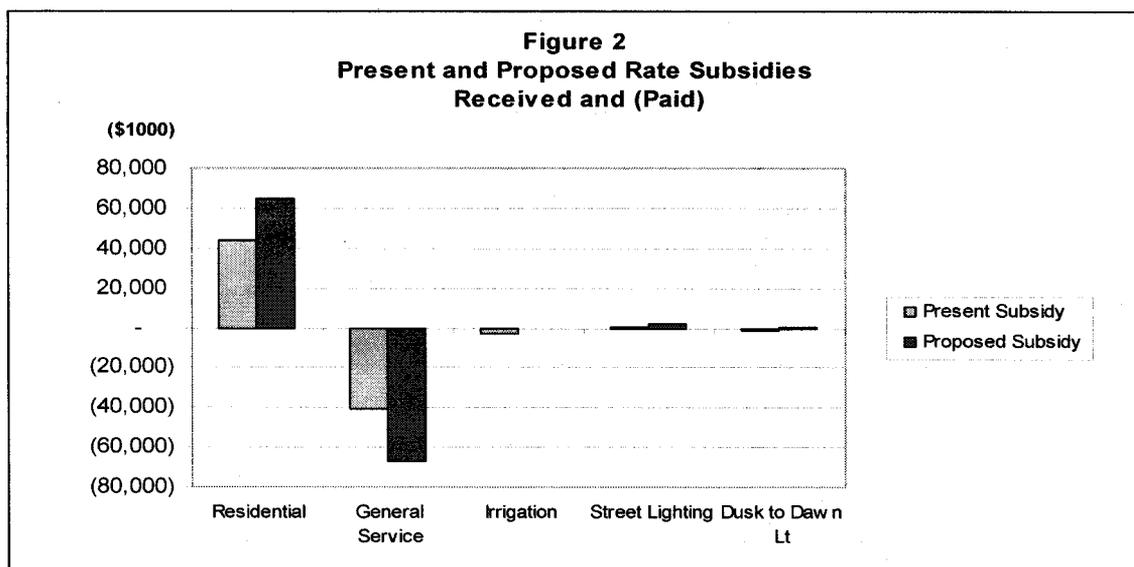
3

Figure 2 below shows the present and proposed dollar subsidies being recommended by APS in this case. APS is proposing to increase the subsidies received by residential customers and paid by general service customers.

4

5

6



7

1 **Q. Are you recommending that proposed rates in this case be set at cost of service,**
2 **thus eliminating all subsidies?**

3
4 A. No. I recognize that this would not be realistic, given the impact on residential
5 customers. Though this would be an ideal result and one that should be recognized
6 as a longer-term goal in future rate proceedings, I am not recommending the
7 elimination of all subsidies in this proceeding. However, there is no justification for
8 ignoring the cost of service results and simply increasing rates equally across-the-
9 board as the Company has done. Some mitigation of the subsidies should be made
10 in this case.

11
12 If the cost of service study was used directly to allocate the requested \$450 million
13 increase, residential customers would be assigned a \$295 million increase (27%),
14 while general service customers would receive a \$148 million increase (15%). This
15 is the result that would be obtained if 100% of the current subsidies were eliminated
16 in this proceeding. Obviously, it would be unreasonable to increase residential rates
17 by such a substantial amount in a single rate proceeding.

1 However, it is also unreasonable to completely ignore the results of the Company's
2 cost of service study (and other cost of service analyses prepared by the Company in
3 response to data requests).

4
5 **Q. In light of the impact on residential customers of completely eliminating the**
6 **subsidies in this proceeding, do you have an alternative recommendation that**
7 **would recognize the results of the Company's cost of service study in allocating**
8 **the increase?**

9
10 A. Yes. I believe that it is appropriate to make some progress towards eliminating the
11 subsidies contained in present rates in this case. A reasonable and balanced
12 approach would be to reduce class subsidies by 25% as a means of moving towards
13 the objective of setting rates based on cost of service. The analysis presented in
14 Exhibit ____ (SJB-2) shows the results of a 25% subsidy reduction in the allocation
15 of the requested \$450 million increase. As can be seen in the third "box" in Exhibit
16 ____ (SJB-2), eliminating 25% of the subsidy would result in an increase to
17 residential customers of \$262.8 million (24%), while producing a \$178.6 million
18 increase or 18% to the general service class. A 25% subsidy reduction criterion for
19 allocating the approved revenue requirement increase in this case would still result
20 in proposed rates that contain substantial subsidies, though these subsidies will be

1 reduced going forward. Subsequent rate cases should be used to further reduce
2 subsidies in future periods.

3
4 Table 3 summarizes the proposed increases that I am recommending, assuming that
5 the Company received its full rate request. Also shown are the remaining subsidies
6 that will be received and paid, after the 25% reduction at proposed rates.

7
8

<u>Class</u>	<u>Proposed % Increase</u>	<u>Proposed Subsidy (\$1000)</u>
Residential	24.1%	33,051
General Svc	18.0%	(30,362)
Irrigation	8.98%	(2,103)
Street Light	31.7%	341
Dusk to Dawn	17.8%	(927)
Total Retail	21.1%	0

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19 **Q. Does your recommended methodology reflect any adjustments to mitigate the**
20 **impact on specific rate classes?**

21
22 A. Yes. The increases recommended in Table 3 reflect a “capping” of the increase to
23 the Street Light class at 1.5 times the system average percentage increase. Absent

1 this adjustment, the increase would have been approximately 1.8 times the system
2 average increase. Also, due to the impact of applying a 25% subsidy reduction to
3 the Dusk to Dawn lighting class, I am recommending that 100% of the subsidy to
4 this class be removed.³

5
6 **Q. What is your recommendation for allocating the revenue increase if the**
7 **Company is authorized a lower increase than it is requesting in this case?**

8
9 A. The recommended dollar increases to each rate class shown in exhibit__ (SJB-2)
10 should be reduced on an equal percentage basis.

³ Without this adjustment, the Dusk to Dawn lighting class would have received a very large increase, even though it is paying subsidies at present rates. This occurs because of the relationship between revenues and rate base for this class (the ratio of revenues to rate base for this class is very low, compared to the retail average relationship). APS fully eliminates the current subsidy paid and proposes an increase that results in a subsidy being received by this class at proposed rates. My recommendation is to fully eliminate the subsidy paid by this rate class.

1 is being increased by 50.5%. This creates a very significant impact on rate E-32
2 customers who have load factors in excess of 27%. Overall, the Company's E-32
3 rate design proposal produces a large, disproportionate and adverse impact on high
4 load factor customers with demands over 100 kW. There is no basis for this
5 unequal treatment of these customers in the Company's rate design proposal.
6

Table 4
Rate E-32 Proposed Increases

	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>	<u>% Increase</u>
DELIVERY CHARGES				
1st 100 kW	7.722	8.097	0.375	4.9%
All Additional kW	3.497	4.129	0.632	18.1%
All kWh	0.00010	0.00010	-	0.0%
GENERATION CHARGES				
Summer - 1st 200 kWh/kW	0.07239	0.09085	0.01846	25.5%
Summer - All Add'l kWh	0.03476	0.05230	0.01754	50.5%
Winter - 1st 200 kWh/kW	0.06246	0.07555	0.01309	21.0%
Winter - All Add'l kWh	0.02483	0.03700	0.01217	49.0%

7
8
9 **Q. Has the Company provided any justification for this disparate treatment of**
10 **rate E-32 customers?**

11
12 **A. No.** First, as I discussed in the first part of my testimony, rate E-32, which contains
13 the majority of the commercial customers and load, is paying millions of dollars of

1 subsidies at both present and proposed rates based on the Company's proposals in
2 this case. The Company has, in fact, increased the subsidies paid by these
3 customers at proposed rates. This unreasonable, inequitable and unjustified result is
4 then being further compounded in the Company's E-32 rate design for larger, high
5 load factor customers. These customers, who use a greater percentage of the energy
6 use in off-peak periods, are being unreasonably penalized by the APS proposals in
7 this case.

8
9 **Q. Has the Company offered any cost of service justification for the disparate**
10 **increases being proposed for rate E-32 customers?**

11
12 **A.** Not in my opinion. With regard to the increases to the distribution demand charges,
13 there does not appear to be any explanation. There is no justification for increasing
14 the kW demand charges for demands in excess of 100 kW by more than three times
15 the percentage increase to the "100 kW or below" block.

16
17 With regard to the generation energy charges, Mr. Rumolo states on page 26, at
18 lines 4 through 7 of his testimony that the "cost emphasis is shifted to high energy
19 use customers" and that this "will also encourage energy conservation through an

1 energy-driven price signal.” No cost of service justification is offered for increasing
2 the second energy block by 50.5 % and the first block by only half this amount.

3
4 **Q. Does the Company’s cost of service study support the delivery demand charges**
5 **being proposed by the Company for rate E-32?**

6
7 A. No. As shown in the Company’s response to Question 2-2 of the 2nd Set of data
8 requests of Distributed Energy Associates of Arizona, the “Index Rate of Return” at
9 for E-32 customers at or below 100 kW is lower than the index for E-32 customers
10 in the “101 – 400” kW block and the “401 – 999” kW block, at both present and
11 proposed rates (attached as Baron Exhibit __ (SJB-3). Though this is not the case for
12 the “1000+” kW block, these customers only comprise about 12% of E-32 revenue
13 requirements. Based on the cost of service study, there is no basis to increase rates
14 for larger customers by a greater percentage than smaller customers.

15
16 **Q. Does the Company’s cost of service study support the generation charges being**
17 **proposed by the Company for rate E-32?**

18
19 A. No. The unit cost of production energy cost for rate E-32, at the Company’s
20 proposed rate of return (i.e., no subsidies) is about 6.5 cents per kWh. Table 5

1 below shows the unit cost (at an 8.73% rate of return) of production energy for each
2 of the usage blocks of rate E-32.

Table 5
Rate E-32 Production Energy - Unit Cost Per kWh

	Production <u>Energy Rev. Req)</u>	<u>MWh Sales</u>	Unit Cost <u>(cents/kWh)</u>
<20	45,919,976	1,307,541	3.512
20-100	83,566,716	2,511,175	3.328
101- 400	108,496,471	3,140,255	3.455
401- 999	70,838,916	2,188,928	3.236
1000+	52,655,646	1,626,501	3.237
Total	361,477,725	10,774,400	3.355

4
5 As shown in Table 4, the proposed rate E-32 generation charge for the “all
6 additional kWh” is 5.23 cents per kWh in the summer and 3.7 cents per kWh in the
7 winter. Both of these rates exceed the “all hours” unit cost of production energy of
8 3.335 cents per kWh.⁵

9
10 **Q. What do you conclude from this analysis?**

11
12 **A.** The Company’s proposed percentage increases to the generation energy charges are
13 not reasonable. The Company’s argument seems to be that increases in fuel costs

⁵ The “all-hours” rate reflects the weighted average of summer and winter costs.

1 justify a more or less uniform "cents per kWh" increase to the generation rates,
2 rather than uniform percentage increases. The problem with this argument is that it
3 presupposes that the existing rates are cost based; which they are not. Therefore,
4 the price-signal benefits cited by Mr. Rumolo require that rates reflect cost, not just
5 that incremental changes reflect cost.

6
7 **Q. What is your recommendation to address this rate design problem?**

8
9 A. I recommend that the E-32 delivery charges and generation charges be increased by
10 an equal percentage amount, consistent with the dollar increases proposed by the
11 Company for delivery charges and generation charges. However, if the
12 Commission reduces the E-32 revenue requirement to reflect my recommended
13 allocation of the approved revenue increase and/or the Commission reduces the
14 overall revenue increase, the E-32 rate elements should be reduced proportionately
15 on a percentage basis. Table 6 below shows my recommended delivery and
16 generation charges (for secondary voltage customers) using a uniform percentage
17 increase to each of the two delivery charges and a uniform percentage increase to
18 each of the two generation rates, consistent with the Company's revenue increases
19 for E-32 delivery and generation charges. I am not recommending changes to the
20 Company's proposed primary and secondary voltage discounts, which should be

1 applied to the rates shown in Table 6 to obtain primary and transmission voltage
2 rates. Also, I am not recommending any changes to the Company's proposed E-32
3 rates for customer charges or for charges associated with service for customers with
4 demands less than 20 kW.

5

6 **Table 6**
Rate E-32 Proposed Increases - Recommended

	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>	<u>% Increase</u>
DELIVERY CHARGES				
1st 100 kW	7.722	8.376	0.654	8.5%
All Additional kW	3.497	3.793	0.296	8.5%
All kWh	0.00010	0.00010	-	0.0%
GENERATION CHARGES				
Summer - 1st 200 kWh/kW	0.07239	0.09525	0.02286	31.6%
Summer - All Add'l kWh	0.03476	0.04574	0.01098	31.6%
Winter - 1st 200 kWh/kW	0.06246	0.08218	0.01972	31.6%
Winter - All Add'l kWh	0.02483	0.03266	0.00783	31.5%

7

8

9

10

11

12

13

14

15 Baron Exhibit (SJB-4), schedules 1 and 2 contain the proof of revenues
16 supporting the proposed rates shown in Table 6. Schedule 1 shows the proof of
17 revenues for rate E-32 using the Company's proposed rate design, while schedule 2
18 shows adjusted increases to the delivery and generation rates that I am
19 recommending. As can be seen, the total revenues are identical in both schedules.
20 Also, the total delivery charge revenues and total generation charge revenues are

1 identical for both schedules. This demonstrates that my proposed changes produce
2 identical E-32 revenues for delivery service and generation service, compared to the
3 Company's proposal.

4

5 **Q. Does that complete your testimony?**

6

7 **A. Yes.**

**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) Docket No. E-01345A-05-0816
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 to Amend Decision No. 67744)**

**EXHIBITS
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KROGER CO.**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

September 2006

BEFORE THE

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Utility Property of the Company for Ratemaking)
Purposes, to Fix a Just and Reasonable Rate of Return)
Thereon, To Approve Rate Schedules Designed to)
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EXHIBIT __ (SJB-1)

OF

STEPHEN J. BARON

ON BEHALF OF THE

KROGER CO.

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

September 2006

Expert Testimony Appearances
of
Stephen J. Baron
As of August 2006

Date	Case	Jurisdct.	Party	Utility	Subject
4/81	203(B)	KY	Louisville Gas & Electric Co.	Louisville Gas & Electric Co.	Cost-of-service.
4/81	ER-81-42	MO	Kansas City Power & Light Co.	Kansas City Power & Light Co.	Forecasting.
6/81	U-1933	AZ	Arizona Corporation Commission	Tucson Electric Co.	Forecasting planning.
2/84	8924	KY	Airco Carbide	Louisville Gas & Electric Co.	Revenue requirements, cost-of-service, forecasting, weather normalization.
3/84	84-038-U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Excess capacity, cost-of-service, rate design.
5/84	830470-EI	FL	Florida Industrial Power Users' Group	Florida Power Corp.	Allocation of fixed costs, load and capacity balance, and reserve margin. Diversification of utility.
10/84	84-199-U	AR	Arkansas Electric Energy Consumers	Arkansas Power and Light Co.	Cost allocation and rate design.
11/84	R-842651	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Interruptible rates, excess capacity, and phase-in.
1/85	85-65	ME	Airco Industrial Gases	Central Maine Power Co.	Interruptible rate design.
2/85	I-840381	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Load and energy forecast.
3/85	9243	KY	Alcan Aluminum Corp., et al.	Louisville Gas & Electric Co.	Economics of completing fossil generating unit.
3/85	3498-U	GA	Attorney General	Georgia Power Co.	Load and energy forecasting, generation planning economics.
3/85	R-842632	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
5/85	84-249	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design return multipliers.
5/85		City of Santa	Chamber of Commerce	Santa Clara Municipal	Cost-of-service, rate design.

J. KENNEDY AND ASSOCIATES, INC.

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of
Stephen J. Baron
As of August 2006

Date	Case	Jurisdct.	Party	Utility	Subject
6/85	84-768-E-42T	Clara WV	West Virginia Industrial Intervenors	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
6/85	E-7 Sub 391	NC	Carolina Industrials (CIGFUR III)	Duke Power Co.	Cost-of-service, rate design, interruptible rate design.
7/85	29046	NY	Industrial Energy Users Association	Orange and Rockland Utilities	Cost-of-service, rate design.
10/85	85-043-U	AR	Arkansas Gas Consumers	Arkla, Inc.	Regulatory policy, gas cost-of-service, rate design.
10/85	85-63	ME	Airco Industrial Gases	Central Maine Power Co.	Feasibility of interruptible rates, avoided cost.
2/85	ER-8507698	NJ	Air Products and Chemicals	Jersey Central Power & Light Co.	Rate design.
3/85	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve, prudence, off-system sales guarantee plan.
2/86	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve margins, prudence, off-system sales guarantee plan.
3/86	85-299U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design, revenue distribution.
3/86	85-726-EL-AIR	OH	Industrial Electric Consumers Group	Ohio Power Co.	Cost-of-service, rate design, interruptible rates.
5/86	86-081-E-GI	WV	West Virginia Energy Users Group	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit.
8/86	E-7 Sub 408	NC	Carolina Industrial Energy Consumers	Duke Power Co.	Cost-of-service, rate design, interruptible rates.
10/86	U-17378	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Excess capacity, economic analysis of purchased power.
12/86	38063	IN	Industrial Energy Consumers	Indiana & Michigan Power Co.	Interruptible rates.

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Date	Case	Jurisdct.	Party	Utility	Subject
3/87	EL-86-53-001 EL-86-57-001	Federal Energy Regulatory Commission (FERC)	Louisiana Public Service Commission Staff	Gulf States Utilities, Southern Co.	Cost/benefit analysis of unit power sales contract.
4/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Load forecasting and imprudence damages, River Bend Nuclear unit.
5/87	87-023-E-C	WV	Airco Industrial Gases	Monongahela Power Co.	Interruptible rates.
5/87	87-072-E-G1	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Analyze Mon Power's fuel filing and examine the reasonableness of MP's claims.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic dispatching of pumped storage hydro unit.
5/87	9781	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Analysis of impact of 1986 Tax Reform Act.
6/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Economic prudence, evaluation of Vogtle nuclear unit - load forecasting, planning.
6/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in plan for River Bend Nuclear unit.
7/87	85-10-22	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Methodology for refunding rate moderation fund.
8/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Test year sales and revenue forecast.
9/87	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Excess capacity, reliability of generating system.
10/87	R-870651	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Interruptible rate, cost-of-service, revenue allocation, rate design.
10/87	I-860025	PA	Pennsylvania Industrial Intervenors		Proposed rules for cogeneration, avoided cost, rate recovery.

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As of August 2006

Date	Case	Jurisdic.	Party	Utility	Subject
10/87	E-015/ GR-87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Excess capacity, power and cost-of-service, rate design.
10/87	8702-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue forecasting, weather normalization.
12/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light Power Co.	Excess capacity, nuclear plant phase-in.
3/88	10064	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Revenue forecast, weather normalization rate treatment of cancelled plant.
3/88	87-183-TF	AR	Arkansas Electric Consumers	Arkansas Power & Light Co.	Standby/backup electric rates.
5/88	870171C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
6/88	870172C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
7/88	88-171- EL-AIR 88-170- EL-AIR Interim Rate Case	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison	Financial analysis/need for interim rate relief.
7/88	Appeal of PSC	19th Judicial Docket U-17282	Louisiana Public Service Commission Circuit Court of Louisiana	Gulf States Utilities	Load forecasting, imprudence damages.
11/88	R-880989	PA	United States Steel	Carnegie Gas	Gas cost-of-service, rate design.
11/88	88-171- EL-AIR 88-170- EL-AIR	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison. General Rate Case.	Weather normalization of peak loads, excess capacity, regulatory policy.
3/89	870216/283 284/286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Calculated avoided capacity, recovery of capacity payments.

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Date	Case	Jurisdct.	Party	Utility	Subject
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cost-of-service, rate design.
8/89	3840-U	GA	Georgia Public Service Commission	Georgia Power Co.	Revenue forecasting, weather normalization.
9/89	2087	NM	Attorney General of New Mexico	Public Service Co. of New Mexico	Prudence - Palo Verde Nuclear Units 1, 2 and 3, load forecasting.
10/89	2262	NM	New Mexico Industrial Energy Consumers	Public Service Co. of New Mexico	Fuel adjustment clause, off-system sales, cost-of-service, rate design, marginal cost.
11/89	38728	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Excess capacity, capacity equalization, jurisdictional cost allocation, rate design, interruptible rates.
1/90	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Jurisdictional cost allocation, O&M expense analysis.
5/90	890366	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Non-utility generator cost recovery.
6/90	R-901609	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Allocation of QF demand charges in the fuel cost, cost-of-service, rate design.
9/90	8278	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Cost-of-service, rate design, revenue allocation.
12/90	U-9346 Rebuttal	MI	Association of Businesses Advocating Tariff Equity	Consumers Power Co.	Demand-side management, environmental externalities.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, jurisdictional allocation.
12/90	90-205	ME	Airco Industrial Gases	Central Maine Power Co.	Investigation into interruptible service and rates.
1/91	90-12-03 Interim	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Interim rate relief, financial analysis, class revenue allocation.

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Date	Case	Jurisdic.	Party	Utility	Subject
5/91	90-12-03 Phase II	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Revenue requirements, cost-of- service, rate design, demand-side management.
8/91	E-7, SUB SUB 487	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Revenue requirements, cost allocation, rate design, demand- side management.
8/91	8341 Phase I	MD	Westvaco Corp.	Potomac Edison Co.	Cost allocation, rate design, 1990 Clean Air Act Amendments.
8/91	91-372 EL-UNC	OH	Armco Steel Co., L.P.	Cincinnati Gas & Electric Co.	Economic analysis of cogeneration, avoid cost rate.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
9/91	91-231 -E-NC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	8341 - Phase II	MD	Westvaco Corp.	Potomac Edison Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Results of comprehensive management audit.
Note: No testimony was prefiled on this.					
11/91	U-17949 Subdocket A	LA	Louisiana Public Service Commission Staff	South Central Bell Telephone Co. and proposed merger with Southern Bell Telephone Co.	Analysis of South Central Bell's restructuring and
12/91	91-410- EL-AIR	OH	Armco Steel Co., Air Products & Chemicals, Inc.	Cincinnati Gas & Electric Co.	Rate design, interruptible rates.
12/91	P-880286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Evaluation of appropriate avoided capacity costs - QF projects.

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Date	Case	Jurisdic.	Party	Utility	Subject
1/92	C-913424	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Industrial interruptible rate.
6/92	92-02-19	CT	Connecticut Industrial Energy Consumers	Yankee Gas Co.	Rate design.
8/92	2437	NM	New Mexico Industrial Intervenors	Public Service Co. of New Mexico	Cost-of-service.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Cost-of-service, rate design, energy cost rate.
9/92	39314	ID	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
10/92	M-00920312 C-007	PA	The GPU Industrial Intervenors	Pennsylvania Electric Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
12/92	U-17949	LA	Louisiana Public Service Commission Staff	South Central Bell Co.	Management audit.
12/92	R-00922378	PA	Armco Advanced Materials Co. The WPP Industrial Intervenors	West Penn Power Co.	Cost-of-service, rate design, energy cost rate, SO ₂ allowance rate treatment.
1/93	8487	MD	The Maryland Industrial Group	Baltimore Gas & Electric Co.	Electric cost-of-service and rate design, gas rate design (flexible rates).
2/93	E002/GR-92-1185	MN	North Star Steel Co. Praxair, Inc.	Northern States Power Co.	Interruptible rates.
4/93	EC92 21000 ER92-806-000 (Rebuttal)	Federal Energy Regulatory Commission	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy agreement.	Merger of GSU into Entergy System; impact on system
7/93	93-0114-E-C	WV	Airco Gases	Monongahela Power Co.	Interruptible rates.
8/93	930759-EG	FL	Florida Industrial Power Users' Group	Generic - Electric Utilities	Cost recovery and allocation of DSM costs.
9/93	M-009 30406	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Ratemaking treatment of off-system sales revenues.

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As of August 2006

Date	Case	Jurisdct.	Party	Utility	Subject
11/93	346	KY	Kentucky Industrial Utility Customers	Generic - Gas Utilities	Allocation of gas pipeline transition costs - FERC Order 636.
12/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Nuclear plant prudence, forecasting, excess capacity.
4/94	E-015/ GR-94-001	MN	Large Power Intervenor	Minnesota Power Co.	Cost allocation, rate design, rate phase-in plan.
5/94	U-20178	LA	Louisiana Public Service Commission	Louisiana Power & Light Co.	Analysis of least cost integrated resource plan and demand-side management program.
7/94	R-00942986	PA	Armco, Inc.; West Penn Power Industrial Intervenor	West Penn Power Co.	Cost-of-service, allocation of rate increase, rate design, emission allowance sales, and operations and maintenance expense.
7/94	94-0035- E-42T	WV	West Virginia Energy Users Group	Monongahela Power Co.	Cost-of-service, allocation of rate increase, and rate design.
8/94	EC94 13-000	Federal Energy Regulatory Commission	Louisiana Public Service Commission	Gulf States Utilities/Entergy	Analysis of extended reserve shutdown units and violation of system agreement by Entergy.
9/94	R-00943 081 R-00943 081C0001	PA	Lehigh Valley Power Committee	Pennsylvania Public Utility Commission	Analysis of interruptible rate terms and conditions, availability.
9/94	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Evaluation of appropriate avoided cost rate.
9/94	U-19904	LA	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements.
10/94	5258-U	GA	Georgia Public Service Commission	Southern Bell Telephone & Telegraph Co.	Proposals to address competition in telecommunication markets.
11/94	EC94-7-000 ER94-898-000	FERC	Louisiana Public Service Commission	El Paso Electric and Central and Southwest	Merger economics, transmission equalization hold harmless proposals.
2/95	941-430EG	CO	CF&I Steel, L.P.	Public Service Company of Colorado	Interruptible rates, cost-of-service.

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Date	Case	Jurisdct.	Party	Utility	Subject
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Cost-of-service, allocation of rate increase, rate design, interruptible rates.
6/95	C-00913424 C-00946104	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Interruptible rates.
8/95	ER95-112 -000	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Open Access Transmission Tariffs - Wholesale.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Company	Nuclear decommissioning, revenue requirements, capital structure.
10/95	ER95-1042 -000	FERC	Louisiana Public Service Commission	System Energy Resources, Inc.	Nuclear decommissioning, revenue requirements.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear decommissioning and cost of debt capital, capital structure.
11/95	I-940032	PA	Industrial Energy Consumers of Pennsylvania	State-wide - all utilities	Retail competition issues.
7/96	U-21496	LA	Louisiana Public Service Commission	Central Louisiana Electric Co.	Revenue requirement analysis.
7/96	8725	MD	Maryland Industrial Group	Baltimore Gas & Elec. Co., Potomac Elec. Power Co., Constellation Energy Co.	Ratemaking issues associated with a Merger.
8/96	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Revenue requirements.
9/96	U-22092	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.
2/97	R-973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Competitive restructuring policy issues, stranded cost, transition charges.
6/97	Civil Action No. 94-11474	US Bank- ruptcy Court Middle District of Louisiana	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Confirmation of reorganization plan; analysis of rate paths produced by competing plans.

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As of August 2006

Date	Case	Jurisdct.	Party	Utility	Subject
6/97	R-973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Retail competition issues, rate unbundling, stranded cost analysis.
6/97	8738	MD	Maryland Industrial Group	Generic	Retail competition issues
7/97	R-973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big River Electric Corp.	Analysis of cost of service issues - Big Rivers Restructuring Plan
10/97	R-974008	PA	Metropolitan Edison Industrial Users	Metropolitan Edison Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	R-974009	PA	Pennsylvania Electric Industrial Customer	Pennsylvania Electric Co.	Retail competition issues, rate unbundling, stranded cost analysis.
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.
11/97	P-971265	PA	Philadelphia Area Industrial Energy Users Group	Enron Energy Services Power, Inc./ PECO Energy	Analysis of Retail Restructuring Proposal.
12/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Retail competition issues, rate unbundling, stranded cost analysis.
12/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
3/98 (Allocated Stranded Cost Issues)	U-22092	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Retail competition, stranded cost quantification.
3/98	U-22092		Louisiana Public Service Commission	Gulf States Utilities, Inc.	Stranded cost quantification, restructuring issues.
9/98	U-17735		Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Revenue requirements analysis, weather normalization.
12/98	8794	MD	Maryland Industrial Group and	Baltimore Gas and Electric Co.	Electric utility restructuring, stranded cost recovery, rate

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As of August 2006

Date	Case	Jurisdct.	Party	Utility	Subject
			Millennium Inorganic Chemicals Inc.		unbundling.
12/98	U-23358	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
5/99	EC-98- (Cross- 40-000 Answering Testimony)	FERC	Louisiana Public Service Commission	American Electric Power Co. & Central South West Corp.	Merger issues related to market power mitigation proposals.
5/99	98-426 (Response Testimony)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Performance based regulation, settlement proposal issues, cross-subsidies between electric. gas services.
6/99	98-0452	WV	West Virginia Energy Users Group	Appalachian Power, Monongahela Power, & Potomac Edison Companies	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Company	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	Adversary Proceeding No. 98-1065	U.S. Bankruptcy Court	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Motion to dissolve preliminary injunction.
7/99	99-03-06	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
10/99	U-24182	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
12/99	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Ananlysi of Proposed Contract Rates, Market Rates.
03/00	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Evaluation of Cooperative Power Contract Elections
03/00	99-1658- EL-ETP	OH	AK Steel Corporation	Cincinnati Gas & Electric Co.	Electric utility restructuring, stranded cost recovery, rate Unbundling.

J. KENNEDY AND ASSOCIATES, INC.

Expert Testimony Appearances
of
Stephen J. Baron
As of August 2006

Date	Case	Jurisdct.	Party	Utility	Subject
08/00	98-0452 E-GI	WVA	West Virginia Energy Users Group	Appalachian Power Co. American Electric Co.	Electric utility restructuring rate unbundling.
08/00	00-1050 E-T 00-1051-E-T	WVA	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Electric utility restructuring rate unbundling.
10/00	SOAH 473- 00-1020 PUC 2234	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU, Inc.	Electric utility restructuring rate unbundling.
12/00	U-24993	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, revenue requirements.
12/00	EL00-66- 000 & ER-2854-000 EL95-33-002	LA	Louisiana Public Service Commission	Entergy Services Inc.	Inter-Company System Agreement: Modifications for retail competition, interruptible load.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Addressing Contested Issues	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Jurisdictional Business Separation - Texas Restructuring Plan
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Test year revenue forecast.
11/01	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning requirements transmission revenues.
11/01	U-25965	LA	Louisiana Public Service Commission	Generic	Independent Transmission Company ("Transco"). RTO rate design.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design, resource planning and demand side management.
06/02	U-25965	LA	Louisiana Public Service Commission	Entergy Gulf States Entergy Louisiana	RTO Issues
07/02	U-21453	LA	Louisiana Public Service Commission	SWEPCO, AEP	Jurisdictional Business Sep. - Texas Restructuring Plan.

J. KENNEDY AND ASSOCIATES, INC.

Expert Testimony Appearances
of
Stephen J. Baron
As of August 2006

Date	Case	Jurisdct.	Party	Utility	Subject
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services Inc. and the Entergy Operating Companies	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
11/02	02S-315EG	CO	CF&I Steel & Climax Molybdenum Co.	Public Service Co. of Colorado	Fuel Adjustment Clause
01/03	U-17735	LA	Louisiana Public Service Commission	Louisiana Coops	Contract Issues
02/03	02S-594E	CO	Cripple Creek and Victor Gold Mining Co.	Aquila, Inc.	Revenue requirements, purchased power.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Weather normalization, power purchase expenses, System Agreement expenses.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Tariff MSS-4.
11/03	ER03-583-000 ER03-583-001 ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001 ER03-682-002	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P., and Entergy Power, Inc.	Evaluation of Wholesale Purchased Power Contracts.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Evaluation of Wholesale Purchased Power Contracts.
01/04	E-01345-03-0437	AZ	Kroger Company Arizona Public Service Co.	Revenue allocation rate design.	
02/04	00032071	PA	Duquesne Industrial Intervenors	Duquesne Light Company	Provider of last resort issues.
03/04	03A-436E	CO	CF&I Steel, LP and Climax Molybedenum	Public Service Company of Colorado	Purchased Power Adjustment Clause.

J. KENNEDY AND ASSOCIATES, INC.

Expert Testimony Appearances
of
Stephen J. Baron
As of August 2006

Date	Case	Jurisdct.	Party	Utility	Subject
04/04	2003-00433 2003-00434	PA	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service Rate Design
0-6/04	03S-539E	CO	Cripple Creek, Victor Gold Mining Co., Goodrich Corp., Holcim (U.S.), Inc., and The Trane Co.	Aquila, Inc.	Cost of Service, Rate Design Interruptible Rates
06/04	R-00049255	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
10/04	04S-164E	CO	CF&I Steel Company, Climax Mines	Public Service Company of Colorado	Cost of service, rate design, Interruptible Rates.
03/05	Case No. 2004-00426 Case No. 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
07/05	U-28155	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Independent Coordinator of Transmission – Cost/Benefit
09/05	Case Nos. 05-0402-E-CN 05-0750-E-PC	WVA	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Environmental cost recovery, Securitization, Financing Order
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses. Congestion Cost Recovery Mechanism
03/06	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSI into Texas and Louisiana Companies.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Transmission Prudence Investigation
06/06	R-00061346 C0001-0005	PA	Duquesne Industrial Intervenors & IECPA	Duquesne Light Co.	Cost of Service, Rate Design, Transmission Service Charge, Tariff Issues
06/06	R-00061366 R-00061367 P-00062213 P-00062214		Met-Ed Industrial Energy Users Group and Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Generation Rate Cap, Transmission Service Charge, Cost of Service, Rate Design, Tariff Issues
07/06	U-22092 Sub-J	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSI into Texas and Louisiana Companies.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of August 2006**

Date	Case	Jurisdic.	Party	Utility	Subject
07/06	Case No. 2006-00130 Case No. 2006-00129	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.

**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) Docket No. E-01345A-05-0816
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 to Amend Decision No. 67744)**

EXHIBIT __ (SJB-2)

OF

STEPHEN J. BARON

ON BEHALF OF THE

KROGER CO.

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

September 2006

ARIZONA PUBLIC SERVICE COMPANY

Computation of Rate Increase Necessary to Reduce Class Subsidy by 25%
Adjusted to Cap Street Lighting at 1.5x System Avg, Dusk to Dawn Subsidy to 0

	Total ACC Jurisdiction	Residential	General Service	Irrigation	Street Lighting	Dusk to Dawn Lt
COST OF SERVICE AT PRESENT RATES						
REVENUES FROM RATES	2,066,144,726	1,058,729,739	967,398,538	20,966,540	12,913,053	6,136,856
PROFORMA TO REVENUES FROM RATES	61,177,173	30,821,291	29,741,269	(102,439)	431,212	285,840
Revenue (Existing Rates)	2,127,321,899	1,089,551,030	997,139,807	20,864,101	13,344,265	6,422,696
TOTAL OPERATING EXPENSES	3,324,685,995	1,676,708,745	1,586,753,006	34,232,906	20,364,595	6,626,743
OTHER ELECTRIC REVENUE	1,313,268,572	624,903,158	662,981,779	15,739,104	8,074,267	1,570,264
Net Operating Expenses	2,011,417,422	1,051,805,586	923,771,226	18,493,802	12,290,329	5,056,479
Net Operating Income	115,904,477	37,745,444	73,368,581	2,370,299	1,053,936	1,366,217
Rate Base	4,466,696,503	2,489,739,662	1,876,563,795	25,474,477	51,298,118	23,620,451
Rate of Return	2.59%	1.52%	3.91%	9.30%	2.05%	5.78%
Rate of Return Index	1.000	0.584	1.507	3.586	0.792	2.229
Subsidy at Present Rate of Return Percentage Increase	0 4.04%	44,068,565 4.04%	(40,483,012) -4.06%	(2,804,384) -13.44%	454,762 3.41%	(1,235,931) -19.24%
Increase to Equalized Proposed Rate of Return Percentage Increase	449,616,818 27.05%	294,685,284 27.05%	148,411,542 14.88%	(240,128) -1.15%	5,618,421 42.10%	1,141,699 17.78%
APS Proposed Percentage Increases	21.14%	21.14%	21.60%	0.14%	24.11%	10.50%
Proposed Class Rate Increase	449,616,818	230,340,512	215,354,589	29,681	3,217,452	674,583
Less: Incremental Income Taxes	(175,575,367)	(89,947,970)	(84,095,967)	(11,590)	(1,256,415)	(263,425)
Net Income @ proposed rates	389,945,927	178,137,986	204,627,202	2,388,389	3,014,974	1,777,376
Rate of Return @ proposed rates	8.73%	7.15%	10.90%	9.38%	5.88%	7.52%
Rate of Return Index	1.000	0.820	1.249	1.074	0.673	0.862
Subsidy at Company Proposed Rates	0	64,344,772	(66,943,047)	(269,809)	2,400,968	467,116
Kroger Proposed Subsidy (75% of Present) Adjustment	0	33,051,424	(30,362,259)	(2,103,288)	341,071	(926,948)
Required Rate Increase Percentage Increase	449,616,818 21.14%	1,118,944 262,752,805 24.12%	843,370 179,617,170 18.01%	11,449 1,874,609 8.98%	(1,046,815) 4,230,535 31.70%	(926,948) 1,141,699 17.78%
Net Income with Kroger Subsidy Reduction	389,945,927	197,893,278	182,845,246	3,512,873	3,632,447	2,062,083
Rate of Return	8.73%	7.95%	9.74%	13.79%	7.08%	8.73%
Rate of Return Index	1.000	0.910	1.116	1.580	0.811	1.000

**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) Docket No. E-01345A-05-0816
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 to Amend Decision No. 67744)**

**EXHIBIT __ (SJB-3)
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KROGER CO.**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

September 2006

ARIZONA PUBLIC SERVICE COMPANY

Present Rates versus Proposed Rates

Comparison of Rates of Return

Test Year Ending September 30, 2005

	<u>Present Rates</u>		<u>Proposed Rates</u>	
	<u>Rate of Return</u>	<u>Index Rate of Return</u>	<u>Rate of Return</u>	<u>Index Rate of Return</u>
A. <u>GJ</u>				
Total Company	2.90%	1.00	8.05%	1.00
Total Retail	2.59%	0.89	8.73%	1.08
All Other	4.51%	1.55	4.51%	0.56
B. <u>GE-1</u>				
Total Retail	2.59%	0.89	8.73%	1.08
Total Residential	1.52%	0.52	7.15%	0.89
Total General Service	3.91%	1.35	10.90%	1.35
E-38,221 (Water Pumping)	9.30%	3.20	9.40%	1.17
Street Lighting	2.05%	0.71	5.87%	0.73
Dusk to Dawn	5.78%	1.99	7.52%	0.93
C. <u>GE-2</u>				
Total General Service	3.91%	1.35	10.90%	1.35
E-20 (Church Rate)	8.47%	2.92	8.73%	1.08
E-30, E-32 (0-20 kW)	3.56%	1.23	7.09%	0.88
E-32 (21-100 kW)	4.88%	1.68	10.35%	1.29
E-32 (101-400 kW)	6.12%	2.11	14.31%	1.78
E-32 (401-999 kW)	6.12%	2.11	16.03%	1.99
E-32 (1,000+ kW)	-0.20%	-0.07	8.62%	1.07
E-34	0.07%	0.03	8.73%	1.08
E-35	-2.79%	-0.96	8.73%	1.08
D. <u>GE-3</u>				
Total Residential	1.52%	0.52	7.15%	0.89
Residential E-10	1.42%	0.49	8.74%	1.09
Residential E-12	3.18%	1.09	7.62%	0.95
Residential EC-1	0.44%	0.15	7.66%	0.95
Residential ET-1	0.83%	0.28	7.03%	0.87
Residential ECT-1R	-0.06%	-0.02	5.09%	0.63

**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) Docket No. E-01345A-05-0816
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 to Amend Decision No. 67744)**

**EXHIBIT __ (SJB-4)
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KROGER CO.**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

September 2006

ARIZONA PUBLIC SERVICE

Summary Proof of Revenue - E-32 w/EPR-2, EPR-4 & E-51 (Supplemental)

	Billing Units	Present Rates	Present Revenues	Proposed Rates	Proposed Revenues	Revenue Increase	Percent Increase
CUSTOMER CHARGES							
Basic Service Charge	37,680,256	0.108	4,069,468	0.108	4,069,468	-	0.00%
Metering Self-Cont	33,076,901	0.345	11,411,531	0.345	11,411,531	-	0.00%
Metering Instrument Rated	4,555,200	0.904	4,117,900	0.904	4,117,900	-	0.00%
Metering Primary	47,790	2.696	128,843	2.696	128,843	-	0.00%
Metering Transmission	365	22.192	8,100	22.192	8,100	-	0.00%
Meter Reading	37,680,256	0.058	2,185,455	0.058	2,185,455	-	0.00%
Billing	37,680,256	0.064	2,411,536	0.064	2,411,536	-	0.00%
Totalized 1Pt	135	500.00	67,500	500.00	67,500	-	0.00%
Totalized 2Pt	24	1,000.00	24,000	1,000.00	24,000	-	0.00%
DELIVERY CHARGES							
20 kW or Less							
Summer - kW (not billed)	435,474	-	-	-	-	-	-
Summer - 1st 5000 kWh	642,509,491	0.03309	21,260,639	0.03595	23,098,216	1,837,577	8.64%
Summer - All Additional kWh	46,407,502	0.00859	398,640	0.01085	503,521	104,881	26.31%
Winter - kW (not billed)	2,134,981	-	-	-	-	-	-
Winter - 1st 5000 kWh	574,240,294	0.03302	18,961,415	0.03588	20,603,742	1,642,327	8.66%
Winter - All Additional kWh	36,252,992	0.00852	308,875	0.01078	390,807	81,932	26.53%
Primary Discount kWh	4,657,358	(0.00282)	(13,134)	(0.00289)	(13,460)	(326)	2.48%
Over 20 kW							
1st 100 kW	13,789,826	7.722	106,485,039	8.097	111,656,223	5,171,185	4.86%
All Additional kW	11,443,708	3.497	40,018,645	4.129	47,251,068	7,232,423	18.07%
Primary Discount kW	874,981	(0.620)	(542,489)	(0.620)	(542,489)	-	0.00%
Transmission Discount kW	14,008	(3.490)	(48,888)	(3.490)	(48,888)	-	0.00%
All kWh	9,273,401,778	0.00010	927,340	0.00010	927,340	-	0.00%
GENERATION CHARGES							
20 kW or Less							
Summer - 1st 5000 kWh	642,509,491	0.05894	37,869,509	0.07707	49,518,206	11,648,697	30.76%
Summer - All Additional kWh	46,407,502	0.03163	1,467,869	0.04909	2,278,144	810,275	55.20%
Winter - 1st 5000 kWh	574,240,294	0.04901	28,143,517	0.06177	35,470,823	7,327,306	26.04%
Winter - All Additional kWh	36,252,992	0.02170	786,690	0.03379	1,224,989	438,299	55.71%
Over 20 kW							
Summer - 1st 200 kWh/kWh	2,646,322,771	0.07239	191,567,305	0.09085	240,418,424	48,851,118	25.50%
Summer - All Add'l kWh	2,598,931,792	0.03476	90,338,869	0.05230	135,924,133	45,585,264	50.46%
Winter - 1st 200 kWh/kWh	2,085,969,825	0.06246	130,289,675	0.07555	157,595,020	27,305,345	20.96%
Winter - All Add'l kWh	1,942,177,391	0.02483	48,224,265	0.03700	71,860,563	23,636,299	49.01%
TRANSMISSION CHARGES							
All kWh	10,572,812,057	0.00476	50,326,585	0.00476	50,326,585	-	0.00%
SYSTEM BENEFITS CHARGES							
All kWh	10,572,812,057	0.00213	22,520,090	0.00186	19,665,430	(2,854,659)	-12.68%
TOTAL BEFORE ADJUSTMENTS			813,714,791		992,532,733	178,817,943	21.98%
ADJUSTMENTS TO REVENUE TARGET							
Summer - Weather Adj	24,638,000	0.0704524	1,735,806	0.0889832	2,192,367	456,561	26.30%
Winter - Weather Adj	32,853,000	0.0608770	1,999,991	0.0740483	2,432,709	432,719	21.64%
Summer - Customer Adj	103,828,000	0.0887201	9,211,627	0.1087201	11,288,187	2,076,560	22.54%
Winter - Customer Adj	200,342,000	0.0787201	15,770,935	0.0920474	18,440,954	2,670,019	16.93%
Summer - DSM Adj	(23,922,647)	0.0568161	(1,359,191)	0.0768161	(1,837,644)	(478,453)	35.20%
Winter - DSM Adj	(18,699,472)	0.0468161	(875,436)	0.0601434	(1,124,649)	(249,214)	28.47%
Actual less Rebill adj. Which includes EPR-2 & EPR-4			4,302,470				
Less EPR-2 and EPR-4			(121,130)				
Transmission portion of Regulatory Assessment			80,345				
TOTAL ADJUSTED REVENUES			844,460,209		1,023,924,658	179,464,449	21.25%

ARIZONA PUBLIC SERVICE

Summary Proof of Revenue - E-32 w/EPR-2, EPR-4 & E-51 (Supplemental)

	Billing Units	Present Rates	Present Revenues	Proposed Rates	Proposed Revenues	Revenue Increase	Percent Increase
CUSTOMER CHARGES							
Basic Service Charge	37,680,200	0.108	4,069,462	0.108	4,069,462	-	0.00%
Metering Self-Cont	33,076,848	0.345	11,411,513	0.345	11,411,513	-	0.00%
Metering Instrument Rated	4,555,200	0.904	4,117,900	0.904	4,117,900	-	0.00%
Metering Primary	47,787	2.696	128,834	2.696	128,834	-	0.00%
Metering Transmission	365	22.192	8,100	22.192	8,100	-	0.00%
Meter Reading	37,680,200	0.058	2,185,452	0.058	2,185,452	-	0.00%
Billing	37,680,200	0.064	2,411,533	0.064	2,411,533	-	0.00%
DELIVERY CHARGES							
20 kW or Less							
Summer - kW (not billed)	435,474	-	-	-	-	-	-
Summer - 1st 5000 kWh	642,509,442	0.03309	21,260,637	0.03595	23,098,214	1,837,577	8.64%
Summer - All Additional kWh	46,401,863	0.00859	398,592	0.01085	503,460	104,868	26.31%
Winter - kW (not billed)	2,134,981	-	-	-	-	-	-
Winter - 1st 5000 kWh	574,240,294	0.03302	18,961,415	0.03588	20,603,742	1,642,327	8.66%
Winter - All Additional kWh	36,252,992	0.00852	308,875	0.01078	390,807	81,932	26.53%
Primary Discount kWh	4,657,358	(0.00282)	(13,134)	(0.00289)	(13,460)	(326)	2.48%
Over 20 kW							
1st 100 kW	13,789,644	7.722	106,483,631	8.376	115,502,058	9,018,427	8.47%
All Additional kW	11,440,814	3.497	40,008,527	3.793	43,395,008	3,386,481	8.46%
Primary Discount kW	874,799	(0.620)	(542,375)	(0.620)	(542,375)	-	0.00%
Transmission Discount kW	14,008	(3.490)	(48,888)	(3.490)	(48,888)	-	0.00%
All kWh	9,271,939,956	0.00010	927,194	0.00010	927,194	-	0.00%
GENERATION CHARGES							
20 kW or Less							
Summer - 1st 5000 kWh	642,509,442	0.05894	37,869,507	0.07707	49,518,203	11,648,696	30.76%
Summer - All Additional kWh	46,401,863	0.03163	1,467,691	0.04909	2,277,867	810,177	55.20%
Winter - 1st 5000 kWh	574,240,294	0.04901	28,143,517	0.06177	35,470,823	7,327,306	26.04%
Winter - All Additional kWh	36,252,992	0.02170	786,690	0.03379	1,224,989	438,299	55.71%
Over 20 kW							
Summer - 1st 200 kWh/kW	2,645,954,966	0.07239	191,540,680	0.09525	252,027,210	60,486,531	31.58%
Summer - All Add'l kWh	2,598,442,155	0.03476	90,321,849	0.04574	118,852,744	28,530,895	31.59%
Winter - 1st 200 kWh/kW	2,085,722,472	0.06246	130,274,226	0.08218	171,404,673	41,130,447	31.57%
Winter - All Add'l kWh	1,941,820,365	0.02483	48,215,400	0.03266	63,419,853	15,204,453	31.53%
TRANSMISSION CHARGES							
All kWh	10,571,344,548	0.00476	50,319,600	0.00476	50,319,600	-	0.00%
SYSTEM BENEFITS CHARGES							
All kWh	10,571,344,548	0.00213	22,516,964	0.00186	19,662,701	(2,854,263)	-12.68%
TOTAL BEFORE TOTALIZED CHG			813,533,389		992,327,216	178,793,827	21.98%
TOTALIZED CHARGES							
Subtotal for 1% Charge		6,595,833	65,958	8,223,872	82,239	16,280	24.68%
Per Point Charge - 1 Pt	135	500.00	67,500	500.00	67,500	-	0.00%
Subtotal for 2% Charge		1,197,155	23,943	1,490,598	29,812	5,869	24.51%
Per Point Charge - 2 Pt	24	1,000.00	24,000	1,000.00	24,000	-	0.00%
TOTAL REVENUES			813,714,791		992,530,767	178,815,976	21.98%
ADJUSTMENTS TO REVENUE TARGET							
Summer - Weather Adj	24,638,000	0.0704524	1,735,806	0.0889832	2,192,367	456,561	26.30%
Winter - Weather Adj	32,853,000	0.0608770	1,999,991	0.0740483	2,432,709	432,719	21.64%
Summer - Customer Adj	103,828,000	0.0887201	9,211,627	0.1087201	11,288,187	2,076,560	22.54%
Winter - Customer Adj	200,342,000	0.0787201	15,770,935	0.0920474	18,440,954	2,670,019	16.93%
Summer - DSM Adj	(23,922,647)	0.0568161	(1,359,191)	0.0768161	(1,837,644)	(478,453)	35.20%
Winter - DSM Adj	(18,699,472)	0.0468161	(875,436)	0.0601434	(1,124,649)	(249,214)	28.47%
Actual less Rebill adj. Which includes EPR-2 & EPR-4			4,302,470				
Less EPR-2 and EPR-4			(121,130)				
Transmission portion of Regulatory Assessment			80,345				
TOTAL ADJUSTED REVENUES			844,460,209		1,023,922,691	179,462,483	21.25%