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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN, AND TO AMEND DECISION NO. 67744	E-01345A-05-0826 E-01345A-05-0827 DOCKET NO. E-01345A-05-0816 NOTICE OF FILING TESTIMONY

Federal Executive Agencies (FEA), by and through the undersigned attorney, representing all Federal customers of Arizona Public Service Company, hereby provides notice of filing the Direct Testimony of Colonel Ben Hancock in this proceeding. Initial notice of filing of this testimony was provided to the Docket on 1 September 2006, but it was subsequently discovered that the testimony of Colonel Hancock was inadvertently left out of the filing. This filing corrects that error. An electronic copy of the testimony was provided on 1 September 2006 to those parties for whom I have email addresses. Although I believe that hard copies were mailed to those parties for whom I do not have email addresses, an additional copy is being mailed this date to ensure that all parties have a copy of the testimony.

RESPECTFULLY SUBMITTED this 4th day of October 2006.

Arizona Corporation Commission
DOCKETED

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BEFORE THE ARIZONA CORPORATION COMMISSION

In the Matter of the Application of Arizona Public Service Company for a Hearing to Determine the Fair Value of the Utility Property of the Company for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, to Approve Rate Schedules Designed to Develop Such Return, and to Amend Decision No. 67744	)	Docket No. E-01345A-05-0816

Testimony

Of

Colonel Ben Hancock

On behalf of

Federal Executive Agencies

September 1, 2006

Testimony of Colonel Ben Hancock

Q. Please state your name and position:

A. I am Colonel Ben D. Hancock, Commanding Officer, Marine Corps Air Station Yuma ("MCAS Yuma"), Arizona.

Q. Would you please summarize your education and professional background?

A: I am the son of a career Army Green Beret soldier. I worked full-time as a uniformed trooper with the Arizona Highway Patrol for four years while attending college. I received my Bachelor of Science degree from Arizona State University and was commissioned a Second Lieutenant in May 1983 through the Platoon Leaders Class (Air) program. After completing The Basic School I reported to the Naval Aviation Training Command and was designated a Naval Aviator in January 1986.

I began my Marine Corps career at Cherry Point, North Carolina for instruction in the AV-8B Harrier. I deployed to Iwakuni, Japan, and served a Mediterranean Sea cruise aboard the USS Guam. I flew combat mission over Kuwait and Iraq and served as the Power Line Division Officer and Quality Assurance Office in support of Operations Desert Shield and Desert Storm.

In July 1993, I was selected to fly with the U.S. Navy Blue Angels. In this capacity, I flew the F/A-18 Hornet as the Right Wingman for the 1994 and 1995 air show seasons. After serving with the Blue Angels, I served for eight months at Marine Officer Candidate School, Quantico, VA as the Academics Officer and as a Company Commander before attending Marine Corps Command and Staff College where I graduated in June 1997 with a Masters degree in Military Studies. In 2000, I attended Air War College, graduating in June 2001 with a Masters in Strategic Studies.

I served as commander of VWA-231 at Marine Corps Air Station Cherry Point, North Carolina, and assumed command of Marine Corps Air Station Yuma in July 2005.

I have accumulated over 3,600 hours of military flight time. My personal awards include three awards of the Meritorious Service Medal, Strike Flight Air Medal, three awards of the Navy and Marine Corps Commendation Medal, the Navy and Marine Corps Achievement Medal, the Combat Action Ribbon, and numerous unit and campaign awards.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to identify the economic impact of MCAS Yuma on the Arizona economy, and highlight the impact of increased utility bills on MCAS Yuma.

Q. What is the military mission of MCAS Yuma?

A: MCAS Yuma is one of the Marine Corps' premier aviation training bases. With access to 2.8 million acres of bombing and aviation training ranges and superb flying weather, MCAS Yuma supports 80 percent of the Marine Corps' air-to-ground aviation training. Each year, the air station hosts numerous units and aircraft from U.S. and NATO forces and supports over 250,000 mandays of aviation training per year.

Nestled in five square miles just southeast of Yuma, the air station is home to a number of tenant units including Marine Aviation Weapons and Tactics Squadron-1 (the Marine "Top Gun" school), Marine Aircraft Group-13, Marine Wing Support Squadron-371, Marine Fighter Training Squadron-401, Marine Air Control Squadron-1 and Combat Service Support Detachment-16.

Q. What is the size of the workforce at MCAS Yuma?

A: Approximately 5,000 Military, 1,300 Civilians, 7,300 Family members (13,600 total personnel).

Q. What is the impact of MCAS Yuma on the Arizona economy?

A: In addition to the $148,051,301 million payroll, MCAS Yuma impacts the state's economy with construction projects, major contracts and daily procurements, education requirements, health necessities, and commissary and exchange expenditures. In addition to MCAS Yuma's work force, there are more than 2,289 base retirees, both civilian and military, who continue to have a large positive impact on the state's economy. Some MCAS Yuma employees have secondary jobs in the local communities in such fields as housing, food, health care and the services industries, having an economic impact on Arizona of approximately $287,101,441 million per year.

MCAS Yuma executed $58,101,441 in annual contract awards in Fiscal Year 2005. Of this amount, $ 15,351,158 was awarded within the state of Arizona and $7,101,726 was awarded to small and disadvantaged businesses.

Q. Where does MCAS Yuma purchase its electric utility service?

A: We purchase our electric utility services from Arizona Public Service Company (APS). MCAS Yuma takes utility service on the E-32 and E-34 Rate Schedules. MCAS Yuma currently pays APS about $ 3,500,000 per year for electric utility service.

Q. What funds are used to pay Marine Corps utility bills?

A. The funds used to pay for the utility service provided by APS are operations and maintenance (O&M) funds. Operations and Maintenance funds are also used to fund military operations and other general maintenance needs. Utility bills are "must pay" bills, meaning they are among the first requirements funded and paid by the government. Any cost avoidance or reduction in costs MCAS Yuma pays for utilities ensures funds could be utilized elsewhere for essential military operations and maintenance.

Q. What happens to MCAS Yuma's O&M funds when there is a large increase in utility bills?

A. Since the funding used to pay utility bills is the same funding used to fund military operations and maintenance, when utility bills increase, reductions in other areas of our military operations and maintenance must be taken. The only mechanism we have to increase our overall funding level is to request additional appropriations from Headquarters United States Marine Corps and ultimately, Congress.

Q. Does this conclude your testimony?

A. Yes it does.